House File 457 - Introduced

HOUSE FILE 457
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 97)

A BILL FOR

- 1 An Act providing for the leasing of agricultural land by the
- 2 department of natural resources to beginning farmers.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 1 Section 1. <u>NEW SECTION</u>. **456A.38 Lease to beginning farmers** 2 program.
- 3 l. As used in this section, unless the context otherwise 4 requires:
- 5 a. "Agricultural land", "authority", "beginning farmer", and 6 "farming" mean the same as defined in section 175.2.
- 7 b. "Program" means the lease to beginning farmers program as 8 provided in this section.
- 9 2. The department of natural resources shall establish
- 10 and administer a lease to beginning farmers program. The
- 11 department shall annually lease agricultural land that it holds
- 12 or manages as wildlife habitat in each county to beginning
- 13 farmers seeking to participate in the program. The department
- 14 shall advertise the program in a manner that encourages wide
- 15 participation by beginning farmers to lease the agricultural
- 16 land.
- 3. The department shall establish annual lease payments
- 18 for available agricultural land under the program by using the
- 19 following criteria:
- 20 a. Market factors.
- 21 b. Prior leases for the same or comparable agricultural
- 22 land.
- 23 c. The cost of establishment or maintenance of soil
- 24 conservation practices, if applicable.
- 25 d. Other criteria established by the department.
- 26 4. The department shall execute a lease with a beginning
- 27 farmer selected to participate in the program after such person
- 28 has been certified by the agricultural development authority
- 29 as a beginning farmer who meets the requirements of the
- 30 authority, which shall be based on section 175.12, subsection
- 31 3, paragraphs "a", "c", "f", and "g".
- 32 5. a. If two or more beginning farmers seek to execute a
- 33 lease under the program for the same agricultural land, the
- 34 department shall select the beginning farmer to participate in
- 35 the program by drawing lots.

- 1 b. If no beginning farmer seeks to participate in the
- 2 program, or no beginning farmer is found qualified to
- 3 participate in the program, the department shall lease
- 4 the agricultural land under another lease program that it
- 5 administers pursuant to chapter 461A, including as provided in
- 6 571 IAC ch. 21.
- 7 6. The department shall establish terms and conditions in
- 8 the lease for beginning farmers participating in the program.
- 9 The lease executed by the department under the program shall at
- 10 least include all of the following:
- 11 a. The number of acres leased. The department shall not
- 12 lease more than two hundred forty acres of agricultural land
- 13 to a beginning farmer for the production of crops. However
- 14 this restriction does not apply to agricultural land leased for
- 15 grazing livestock.
- 16 b. The term of the lease. The term may be based on the
- 17 use of the agricultural land. A lease shall not be for more
- 18 than seven years. A beginning farmer shall not sublease the
- 19 agricultural land.
- 20 c. The required and permitted uses of the agricultural
- 21 land during the lease term. The department may require the
- 22 establishment of a conservation system, crop rotation, or
- 23 cover crop, if appropriate. The department may require that
- 24 a beginning farmer adopt generally accepted farming practices
- 25 or soil conservation practices, so long as such practices are
- 26 compatible with the department's policies related to resource
- 27 management and outdoor recreation.
- 7. At the end of a lease term, a beginning farmer who leased
- 29 agricultural land under the program is eligible to be selected
- 30 again to lease the same agricultural land. However, the
- 31 department shall provide a preference to an available beginning
- 32 farmer who has not previously participated in the program.
- 33 8. The department is not required to lease agricultural
- 34 land under the program that it would not otherwise lease
- 35 for farming. The department may lease agricultural land

- 1 for farming under another lease program administered by the
- 2 department pursuant to its authority under chapter 461A,
- 3 including as provided in 571 IAC ch. 21, only after it has made
- 4 agricultural land available for lease to all beginning farmers
- 5 seeking to participate in the program.
- 6 9. The department shall adopt rules necessary to administer 7 this section.
- 8 EXPLANATION
- 9 The department of natural resources (DNR) currently
- 10 administers an agricultural lease program which allows persons
- 11 to farm such land under a lease term (571 IAC 21). This
- 12 bill requires DNR to lease agricultural land that it holds
- 13 or manages as wildlife habitat in each county to beginning
- 14 farmers.
- 15 Generally, a beginning farmer is an individual, partnership,
- 16 family farm corporation, or family farm limited liability
- 17 company (Code chapter 9H) with a low or moderate net worth that
- 18 is engaged in farming (Code section 175.2). The agricultural
- 19 development authority establishes net worth requirements for
- 20 beginning farmers each year (Code section 175.2). In 2013, the
- 21 authority established the maximum net worth of \$691,172 for
- 22 individuals participating in the beginning farmer loan program
- 23 (Code section 175.12).
- 24 The department is required to execute a lease with a
- 25 beginning farmer that it selects to participate in the
- 26 program after the beginning farmer has been certified by the
- 27 agricultural development authority as a beginning farmer who
- 28 meets the requirements of the authority, which must be based on
- 29 criteria in the beginning farmer loan program.
- 30 The bill provides that if two or more beginning farmers seek
- 31 to execute a lease under the program for the same agricultural
- 32 land, the department must select the beginning farmer by
- 33 conducting a drawing. The department must establish annual
- 34 lease payments based on market factors, prior leases for
- 35 the same or comparable agricultural land, and the cost of

- 1 establishing soil conservation practices. The bill requires
- 2 that the lease include a number of conditions, including the
- 3 number of acres leased and the lease term. The department
- 4 cannot lease more than 240 acres to a beginning farmer for
- 5 the production of crops, and the lease's term cannot be
- 6 more than seven years. A beginning farmer cannot sublease
- 7 the agricultural land. The department may require the
- 8 establishment of conservation practices or the use of generally
- 9 accepted farming practices.
- 10 At the end of a lease term, a beginning farmer who leased
- 11 agricultural land under the program is eligible to be selected
- 12 again to lease the same agricultural land. However, the
- 13 department must provide a preference to an available beginning
- 14 farmer who has not previously participated in the program.
- 15 The bill provides that the department is not required to
- 16 lease agricultural land under the program that it would not
- 17 otherwise lease for farming. The department is required to
- 18 adopt rules necessary to administer this program.